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SECURITY INFORMATION

14 July 1952

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**CURRENT INTELLIGENCE DIGEST**

Office of Current Intelligence

**CENTRAL INTELLIGENCE AGENCY**

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State Dept. review completed

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GENERAL

1. Stalemate developing over repatriation of Venezuelan and Czech missions: The Czech Foreign Ministry has rejected the Venezuelan demand for the simultaneous departure of the Venezuelan mission from Prague and the remaining Czech diplomatic staff from Caracas, and continues to insist on the prior departure of the Czech staff from Venezuela.

The American Embassy in Prague suggests that in order to prevent a stalemate and the possibility of the matter being brought before the UN, Venezuela inform Czechoslovakia that the Czech staff will leave Caracas on a certain date and that Venezuela expects comparable facilities to be granted its staff. The Embassy believes that the Czechs would be agreeable to such a solution. (S Prague 22, 10 July 52)

Comment: The Venezuelan Government broke relations with Czechoslovakia on 21 June. The major part of the Czech Legation departed from Caracas on 25 June, leaving Minister Vladimir Khek and two staff members.

Czechoslovakia's intransigence on the question of the order of departure of the two diplomatic missions is believed to stem from its anger at the Venezuelan break and its fear of the possibility of the defection of Khek, a non-Communist professional diplomat who has been stationed in Caracas since before the Czech Communist coup. Two other important Czech diplomatic representatives in Latin America have defected since March.

EASTERN EUROPE

2. Czechoslovakia and Poland pattern economic planning more closely on Soviet model: President Bierut of Poland and the

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State Planning Office in Czechoslovakia have both initiated action to introduce new methods of planning economic developments to accord with Soviet experience and practice. The Czech Government will exercise detailed planning and accounting supervision over individual enterprises to insure that investment and capital development take place only in those economic sectors specified by government planners. In Poland the use and distribution of material resources will be controlled centrally, and in both countries more workers and university students will be trained in technical and engineering fields. (R FBIS [ ] 9 July 52; FBIS [ ] 20-24 June 52)

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Comment: The two Satellites which are industrially most productive are introducing more extreme economic controls in an effort to ensure that all labor and raw material resources are utilized for fulfillment of state plans. Increased emphasis is expected either on armaments production in these countries, or on the increased production of such items for export to the USSR as agricultural, engineering and transportation equipment which would free Soviet industrial resources for armaments production and research for new types of military end items.

3. Soviet cleric reportedly rejected as candidate for Bulgarian Patriarchate: According to a report emanating from the French Legation in Sofia, Metropolitan Nikolai visited Sofia during June as the Kremlin-chosen candidate for election to a restored Bulgarian Patriarchate. The Metropolitan is reported to have met united opposition on the part of hostile Bulgarian bishops, who were able to effect the rejection of Nikolai's candidacy. (S Athens 103, 9 July 52)

Comment: Nikolai, Metropolitan of Krutitsy and Kolomna, visited Bulgaria during May and June. A leading member of the World Peace Council, he was received with considerable acclaim upon his arrival in Sofia.

There have been persistent rumors that the Exarchate in Bulgaria will soon be raised to a Patriarchate, presumably by ukase from Patriarch Alexei in Moscow. Although the choice of a Bulgarian cleric for this office would appear to be a more promising, and certainly a more diplomatic, maneuver, it is noteworthy that in 1951 another Russian, Boris, was elevated to the post of Archbishop of Berlin and Exarch of Western Europe.

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4. Increased leniency reportedly being shown political prisoners in Bulgaria: According to the US Embassy in Athens, French reports indicate that increased leniency is being shown toward political prisoners in Bulgaria. Included among several reported to have been released from long term imprisonment are General Trunski and his staff, and General Georgiev. (S Athens 103, 9 July 52)

Comment: General Slavcho Trunski, formerly Commander of the Third Army, and General Zdravko Georgiev, believed to be a former Chief of Bulgarian Military Intelligence, were reportedly arrested during the summer of 1951.

If true, this report might further reflect a move toward the recall and reinstatement to active duty of Bulgarian Army officers of doubtful political reliability, a policy possibly necessitated by increased demands on the part of the expanding Bulgarian military for competent and experienced leaders.

5. Budapest speculates whether Soviet Ambassador Kiselev will be replaced by a Russian hatchetman: The appointments of Soviet Ambassadors Lavrentiev to Bucharest and Bogomolov to Prague have aroused speculation in Budapest that the absence of Ambassador Kiselev since the end of June may forecast his replacement by a Russian hatchetman. (C Budapest 25, 10 July 52)

Comment: Such speculation naturally would arise in Budapest because of the diplomatic shifts at Prague and Bucharest, the tension that has existed since mid-May, and the recurring rumors of purges of important personalities. Kiselev was appointed to his present post in 1949. He had been consul general in New York, political representative to the Austrian Federal Government and chief of the Balkan Section in the Soviet Foreign Office. It is possible that he might be transferred from Budapest in the normal course of events, since he has been there almost three years.

6. Hungarian party newspaper calls for militant leadership in agriculture: Party activists who have snubbed "nonparty activists" were condemned by the Hungarian official party organ on 9 July. The article belabored the smugness of party members who ignored the recent directive of the Central Committee urging closer cooperation between party organizations and the working masses and thereby allowed village priests and kulaks to assume leadership in the villages. (R FBIS [ ] 10 July 52)

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Comment: The Hungarian Party Central Committee on 27-28 June demanded a return to militant communism and the present article appears to apply the new line to agriculture. As in other Orbit countries, the new policy may take the form of a return to the National Front, headed by the party, "vanguard" of the worker-peasant alliance, against an enemy that the present article clearly identifies with the clergy and kulaks.

The US Legation in Budapest believes that the new line may foreshadow a speed-up of collectivization after the harvest, in contrast to the more moderate policy that has prevailed since the winter of 1950-51.

7. Poles expected to press Austria for strategic items: The Polish Trade Delegation, scheduled to arrive in Vienna in mid-July, is expected to exert strong pressure to secure strategic items from the Austrians. According to the American Embassy in Vienna, the Poles have already threatened to take economic countermeasures if the Austrians do not agree to send List I items agreed to previous to the Battle Act. The Poles are especially interested in E-type ball bearings and aluminum. (S Vienna 85 and 98, 9 and 10 July 52)

Comment: Austria is expected to remain faithful to her commitments to COCOM, and to continue to refuse to deliver embargoed bearings to the Poles.

For some time Orbit countries, especially Poland, Czechoslovakia, and Hungary, have been attempting to circumvent COCOM in an effort to procure such critical items as ball bearings, aluminum and ferro-chrome from the West.

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FAR EAST

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9. Major Japanese labor federation probably to postpone affiliation with ICFTU: The conventions of three major unions, members of the General Council of Trade Unions (Sohyo), have in the past 60 days declined to affiliate with ICFTU, according to Ambassador Murphy in Tokyo. It presently appears that Sohyo's executive board will propose and the national convention will adopt a recommendation that unions not presently affiliated with ICFTU take favorable action by 31 May 1953. At that time Sohyo will affiliate without further action providing two thirds of the member unions are affiliated.

A principal argument of opposition forces, the Ambassador reports, has been that too close an alliance would increase the possibilities of war. (C Tokyo 142, 11 July 52)

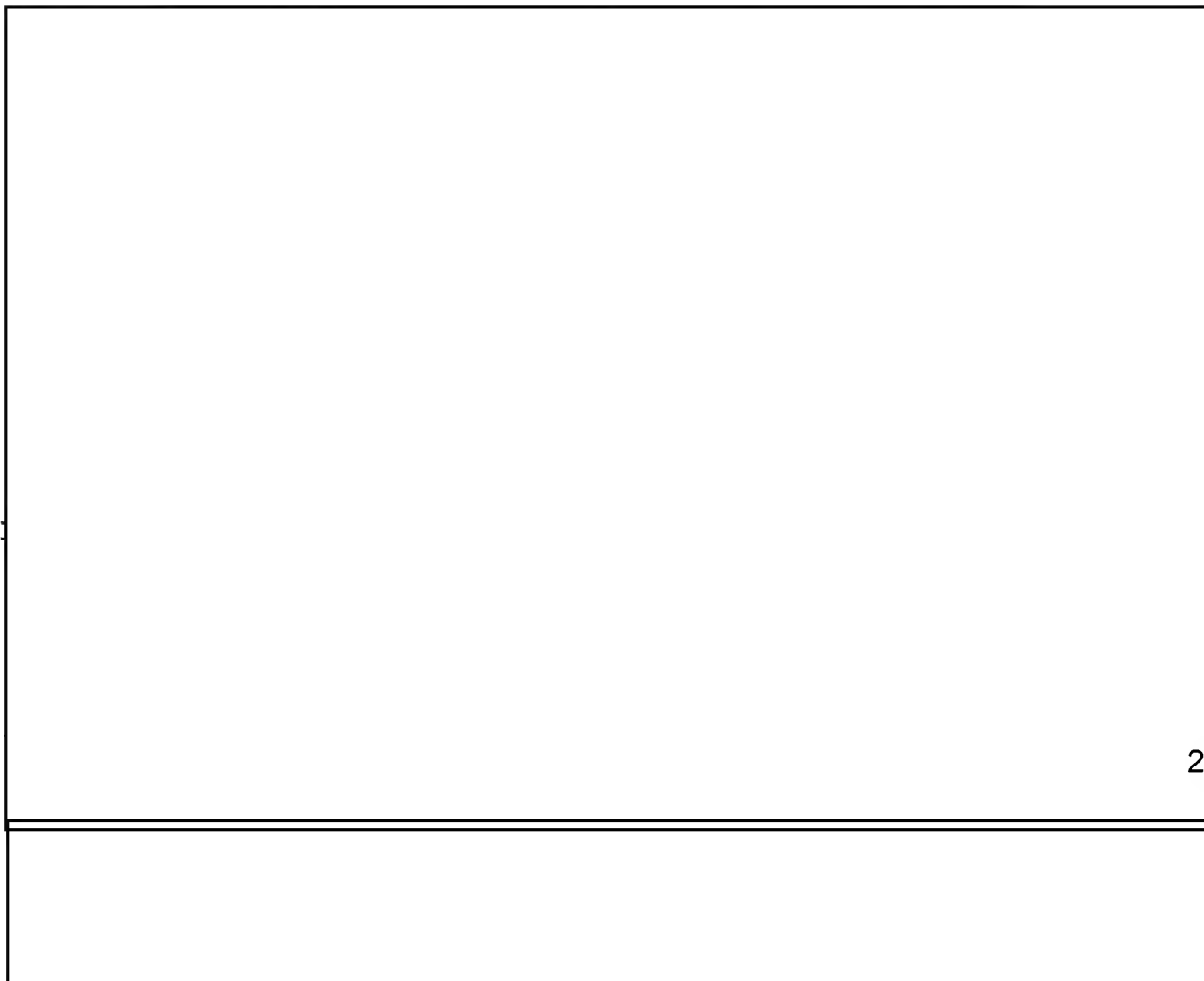
Comment: Sohyo, which is closely affiliated with the neutrality-minded left-wing Socialists, has been wrangling over ICFTU membership for more than a year, but it had been expected to join at its national convention later this month.

There has been speculation that failure to affiliate would cause some national industrial unions to split away from Sohyo, Japan's largest labor federation, and form a new organization.

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12. Peiping allegedly planning major military move in late July: [redacted]

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[redacted] stating that the Peiping regime will make a major move in the near future, and that preparations are to be completed in late July. [redacted]

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Comment: [redacted]  
man recently asserted that Peiping had been ordered by Moscow to be ready for world war by autumn. Neither [redacted] has any known source of information except [redacted]

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According to an [redacted] report, the USSR and Communist China are to reach a "final decision" on the Korean cease-fire talks before 20 July. There is no reliable evidence, however,

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that the Chinese Communists are planning a military venture in any direction during July.

13. Heavy pork shipments from China to USSR reportedly for military use: [ ] East China stated that the Chinese Communist authorities are shipping slaughtered hogs to the USSR in refrigerator cars. According to [ ] the hogs are being used in the manufacture of canned foods as part of Soviet "war preparations." (R Hong Kong 70, Joint Weeka 28, 11 July 52)

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Comment: Since the observations were made in China rather than in the USSR, the report that the hog shipments are intended for the Soviet war stockpile must be evaluated as second hand. The fact that large shipments have begun, however, is unquestioned. The Chinese themselves have announced a large hog procurement program in East China, declaring that shipments to the Soviet Union in late March and early April averaged more than 2,000 head daily.

14. Chinese increase purchases from Hong Kong and Macao: The level of Communist purchasing in Hong Kong and Macao continues to rise, with strategic metals and pharmaceuticals high on the priority list. Recorded exports from Hong Kong to Communist China jumped from 28 million Hong Kong dollars in May to 44 million in June, the highest figure this year. (R Hong Kong 70, Joint Weeka 28, 11 July 52)

Comment: The resumption of buying by merchants from the Chinese mainland has been encouraged by the cessation of Peiping's campaign against the bourgeoisie. The buying, however, is still on a far lower scale than it was in 1951. Hong Kong's June exports to China were less than a third of the corresponding figure for 1951.

15. Chinese Communists push economic development of Sinkiang: Sinkiang Province, bordering on the USSR in China's northwest, is humming with economic activity, according to a report

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[ ] The road into Sinkiang from China proper is reportedly congested with truck convoys transporting both men and equipment. Construction within the province is said to be going on day and night as the Communists build new roads, install new equipment, and pipe natural gas to newly constructed plants. (C [ ])

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Comment:

in 1951 alleged that Peiping had drafted a three-year plan for Sinkiang which provided for the construction of an iron and steel mill, textile mills, a motor vehicle factory, pharmaceutical plants, arsenals and other installations. Other reports have cited the movement of thousands of unemployed persons and political prisoners for forced labor service in Sinkiang.

Russian participation in the economic development of Sinkiang is assured through the Sino-Soviet joint stock companies organized to exploit the petroleum, uranium, and other mineral resources of the area.

16. Foreign Office advises delay on plan for British trade group in China: Representatives of several British firms in Hong Kong and Shanghai have requested permission from Chinese Communist authorities to visit Peiping to discuss plans for a British trading group to supplant the individual firms now seeking to withdraw from China. The British businessmen have reportedly prepared detailed plans for the new agency, which was first suggested by Foreign Secretary Eden, and want a British official to act as its head.

In London on 9 July, however, the Foreign Office told the China Association, representing British interests in China, that the British Government would withhold official support of such a group until after a Korean settlement and the establishment of normal relations with China; it advised delay in negotiations with Peiping by private British interests until after firm arrangements for withdrawal are completed. (S London 179, 10 July 52)

Comment: Eden's original suggestion in the House of Commons was evidently intended as an illustration of his assurance that Britain stands ready to trade with the Peiping regime at any time, rather than as a practical proposal for immediate adoption.

17. New "total war" organization formed in Indochina: The American Embassy has indirectly learned of the formation of a French-Vietnamese organization for "total war," to be directed by French military authorities. The organization is composed of five committees charged with mobilizing human, economic, and psychological resources, public works and transportation, and civilian defense.

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The Embassy, while expressing "disappointment" at not being informed earlier of this important development, comments that the cooperation necessary to make the scheme work is a possibility under the new Tam government. (S Saigon 73, 10 July 52)

Comment: This organization should increase the efficiency of the military effort; but it does run directly counter to Vietnamese aspirations for greater autonomy. It could have far-reaching significance in the maintenance of French control over a wide range of political, military, economic and social activities in Vietnam.

The American Embassy is apparently still not receiving full and timely information from the French.

18. Thailand may seek closer ties with other Asian countries:  
The Thai Government press fears that the United States is veering toward isolationism and has suggested that Asian countries league for their own defense, since they cannot rely on the United Nations alone for protection against aggression.

The American Embassy in Bangkok comments that Thailand may be seeking to improve its relations with other Asian nations as an alternative to a Pacific Pact, which the Thai believe is unfeasible without active American participation. (C Bangkok 58, 10 July 52)

Comment: This is the latest indication that Thailand is considering a retreat from its pro-Western orientation in favor of closer cooperation with the neutralist states of South Asia.

19. American Embassy repeats warning against cutting Burma aid: The American Embassy in Rangoon repeats its warning of last month that the contemplated reduction in American aid to Burma will create a "most unfortunate political situation for the Technical Cooperation Administration." (R Rangoon 51, 10 July 52)

Comment: American aid to the Burmese Government has been criticized by the Communists, Karen nationalists, and a part of the independent press.

Many Burmese officials, who have been led to believe that this aid will be provided on an increasing scale, have come to regard it as an important prop of their regime.

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20. BW campaign setback in Burma: The Soviet veto of the American proposal for an investigation of Communist charges of the use of bacteriological warfare weapons in Korea has been the subject of vigorous editorials in the Burmese press calling upon the USSR "to put up or shut up." (R Rangoon 50, 10 July 52)

Comment: While the BW campaign has not been successful in Burma, this is the first significant instance in which it has been derided. Burmese officials, however, continue to hang back from issuing an official repudiation.

NEAR EAST - AFRICA

21. Maraghi Pasha may succeed Sirry as Egyptian Prime Minister:  
25X1C [redacted] King Farouk must eventually accept either a return of the Wafd Party or a dictatorial regime headed by ex-Minister of the Interior Maraghi Pasha. Maraghi would undertake to neutralize the Wafd in three years of rule without Parliament.

25X1C [redacted] believes that Farouk will probably choose Maraghi as Prime Minister if the Sirry government falls. [redacted]

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Comment: Maraghi, considered a strong, independent figure, was frequently mentioned as the probable successor to Hilali Pasha, Sirry's predecessor. He was responsible for the effective reorganization of the police force after the January riots.

22. New Egyptian Prime Minister to confer with Sudanese leader: Egyptian Prime Minister Sirry Pasha has invited El Mahdi, the leader of the pro-independence Sudanese Umma Party, to Cairo as an official guest of the Egyptian Government. El Mahdi is expected to arrive on 22 July at the head of a large delegation of tribal chiefs and party leaders who are advocates of Sudanese independence. (S Cairo 57, 10 July 52)

Comment: This is the first evidence that Sirry Pasha will renew Egyptian-Sudanese talks in an effort to obtain Sudanese acceptance of Farouk's title of "King of the Sudan." El Mahdi, who himself has aspired to this title, has not yet indicated his reaction to the first Egyptian-Sudanese talks last month.

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WESTERN EUROPE

- 25X1 23. East German Alert Police reportedly receives 74 Soviet tanks:  
[redacted] a total of 74 tanks  
being transported from the Soviet Union to East Germany on 15,  
18 and 24 June. American representatives in Munich believe that  
these tanks have been delivered to East German Alert Police units.

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Comment: This is the first [redacted] report in some time of  
the receipt of tanks by Alert Police units, although an issue of  
Soviet weapons to three units in May has been confirmed. It is  
believed that for the past year the Alert Police has had 90 tanks  
for training purposes.

24. Allied position in Berlin seen deteriorating: American of-  
ficials in Berlin state that the 8 July kidnapping of a West  
Berlin jurist focuses attention on the fundamental weakness of  
the Allied position there. Local means for retaliating against  
such incidents are extremely limited, and there are no adequate  
defenses against the over-all Soviet harassment campaign.

The officials believe that the Western position in Berlin  
will probably deteriorate gradually unless the problem is treated  
as a global one, with countermeasures taken in places where the  
Allies have the advantage. They suggest that the Orbit may be  
particularly vulnerable to economic retaliation such as the block-  
ing of accounts maintained in Western banks. (C Berlin 62,  
10 July 52)

25. Trend continues in West Germany toward approval of treaties:  
Public opinion polls conducted by American officials in mid-June  
reveal that although most West Germans consider that the Bonn-  
Paris treaties reduce the chances of German unification, the  
trend toward a favorable evaluation of the treaties continues,  
particularly among the wealthy and better-educated. A majority  
is aware that the new political status will mean a defense contri-  
bution to the EDC, and this is the most frequently criticized  
feature of the treaties. Nevertheless, ratification is expected  
by a solid majority.

A small minority has been disturbed by the recent Communist  
pressure campaign. Most people foresee trouble in Berlin; in  
the event of another blockade, half of those polled want the  
West to use more forceful measures than in 1949.

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A large majority favors a four-power conference on German problems, although most of them do not expect tangible results. (C Bonn 155 and 157, 11 July 52)

26. French firm seeking radar for Polish ship: The British delegate to COCOM has informed that body that, although firms in his country had rejected a French firm's order for radar equipment for installation in a Polish ship at Le Havre, the British Government was concerned that this equipment would be secured elsewhere.

The French delegate, who stated that the vessel was probably the Wisconsin, said that if the radar equipment were bought elsewhere and unloaded in the harbor, French authorities could not intervene. If the equipment entered French customs, however, an export license would be required before it could be installed on the Wisconsin. (S Paris 254, 10 July 52)

Comment: Except for direction finders, radar equipment is on the COCOM International List I. The suggestion that Poland may be able to secure such equipment points up the weakness of COCOM controls over transit trade.

The Wisconsin, a French ship, was recently sold to Poland.

27. Russia may be seeking to expand Danube traffic: The Soviet-Hungarian shipping company, Meszhart, which since 1946 has operated without Austrian authorization on the Danube between Vienna and the Hungarian border, has reportedly approached the Austrian Government for an official trade license. Since some Austrian officials fear that granting the license might prejudice chances for an Austrian peace treaty, no action has yet been taken. If the government decides to grant the license, it will reportedly seek guarantees of equal rights for Austrian shipping in Hungarian waters.

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Comment: The Hungarian request, together with recent Soviet offers to the Austrians to relax long-standing obstructions to Austrian shipping on the river, may portend a general effort on the part of the Orbit to increase the volume of Danube traffic. The Soviet offers may have been designed in part to make the Austrian Government more receptive to the Soviet-Hungarian company's application.

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Last January Meszhart sought permission to operate on the Danube within the US occupation zone in Germany. After American and German officials insisted that the USSR must first admit German vessels to the Soviet occupation zone in Austria, the question was dropped.

28. Soviet occupation restricts interzonal movement of Austrian unemployed: The Wiener Neustadt labor office has reportedly been instructed by the local Soviet command not to offer unemployed Austrian workers jobs outside the Soviet Zone. The Socialists charge that this violation of freedom of movement guaranteed by the Allied Control Agreement is designed to keep local unemployment figures artificially high.

Meanwhile, the official Soviet newspaper in Austria has denounced the alleged recruitment in the Soviet Zone of unemployed Austrians for work in "West Austrian armaments industry." (U Vienna 105, 10 July 52; R FBIS Vienna, 11 July 52)

Comment: Unemployment in all of Austria is running considerably above last year's levels, and the allegation that the unemployed are now being conscripted for rearmament would provide an initial propaganda line for Austrian peace partisans setting the stage for the World Peace Council meeting scheduled for Vienna in December. Communist propaganda has frequently charged that unemployment in Austria is a result of American emphasis on raw materials production to the exclusion of Austria's finishing industries.

29. Unification of Portuguese Air Force becomes law: The Portuguese Army and Navy Air Forces were united by official decree under an Undersecretariat of State for Aeronautics, effective 1 July 1952. According to the Minister of Defense, the new cabinet post, which ranks with the Ministries of Army and Navy, will go to the present Undersecretary of the Army, Major Horacio Jose de Sa Viana, Corps of Engineers, and not to General Alfredo Cintra, Chief of Staff of the Army Air Force, who had confidently expected the appointment. (C Madrid, Joint Weeka 27, 3 July 52)

Comment: The Defense Minister may have decided to name Sa Viana, a trusted aide who was not a member of either air force, in order to retain firm control over the new undersecretariat without the hindrance of further bickering and jealousies between Army and Navy air personnel.

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Despite Cintra's competence and experience, his chances for elevation to cabinet rank may have been prejudiced by President Craveiro Lopes' well-known antipathy toward him. Moreover, the general has manifested a decided unfriendliness toward Americans

LATIN AMERICA

30. Attempt to assassinate Peron may be made soon: An attempt to assassinate President Peron is being planned and may be carried out at any time, [REDACTED] 25X1C

25X1C The opportune time for such an attempt, according to the [REDACTED] would be during the confusion following Senora de Peron's death, which is expected momentarily. [REDACTED] 25X1A

25X1A [REDACTED]

Comment: Numerous small groups have been plotting Peron's assassination, and he lives in daily fear that his extreme security precautions might not be effective.

25X1 Peron and his controlled press have constantly harangued the public to be on the alert for a US-directed plot to assassinate him and bring about chaos in the country. Hence the blame for any uprising has already been laid on the American doorstep. It has been [REDACTED] reported that Peron now believes these charges.

31. Argentine Government reportedly endorsed bombing of US library in Buenos Aires: [REDACTED] 25X1C
- 25X1C [REDACTED] the bombing of the US Information Service Lincoln Library was the work of the Nationalists backed by the Argentine Government.
- 25X1C [REDACTED] states that action on the matter to be taken by the Argentine Government will depend on the official United States attitude. If a strong protest is made, an investigation of the bombing and a lessening of anti-US attacks will follow; otherwise, similar and more serious incidents, involving American citizens, can be expected. (C Buenos Aires 25, 10 July 52)

Comment: The Argentine Foreign Office has not communicated with or expressed regret to the US Embassy concerning the bombing of the library.

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FAR EAST

1. Communists in Burma reportedly striving for alliance of all insurgents: The present policy of the Burma Communist Party is to form an alliance among all insurgents, including the Karens, [REDACTED]

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[REDACTED] believes that a Karen-Communist merger would not necessarily result in the overthrow of the government, but that it would severely strain the Burmese armed forces.

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Comment: As the Karen position becomes increasingly desperate, and as older, pro-West leaders are replaced by younger ones, the Communist offers for an alliance are becoming increasingly appealing.

WESTERN EUROPE

2. De Gasperi refuses to withdraw Trieste appointment: Italian Premier de Gasperi has told the British and American Ambassadors "with some asperity" that despite their representations he cannot withdraw the appointment of De Castro as Italian Political Adviser for Trieste. The ambassadors had told the Premier that the appointment might prejudice Italian-Yugoslav negotiations on Trieste, and had pointed to adverse Yugoslav press comment on De Castro's nationalist connections. De Gasperi replied that De Castro could be removed if he did not do the "competent, responsible job" expected of him.

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De Gasperi referred again to the importance of the Trieste issue in the coming national elections. Asserting that he did not have the strength to "stand up against failure" to solve the problem, he emphasized its "bearing on the Italian ratification of EDC." (S S/S Rome 155, 11 July 52)

Comment: Recent Italian appointments in Trieste have shown the effects of extreme nationalist pressure on the De Gasperi government.

Although the Italian Parliament is expected to ratify the EDC treaty in the fall after some debate, US observers believe that this increasing nationalist pressure will jeopardize the next Italian Government's cooperation with US policies.

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